

Newport-Mesa Tea Party Forum
September 8, 2016

On September 8, 2016, Mesa Water District Board President Shawn Dewane spoke at the Newport Mesa Tea Party about Measure TT. Listed below are several excerpts of President Dewane's presentation (not verbatim) at the forum, followed by a response to each assertion from the perspective of CMSD. We encourage you to be the judge as to who is telling the truth.

Dewane: *"Only two separate sanitary districts exist in Orange County."*

Fact: There are four separate sanitary districts in Orange County, which include the Costa Mesa Sanitary District, Midway City Sanitary District, Rossmoor/Los Alamitos Sewer District and Sunset Beach Sanitary District. This information is easily obtainable on the Orange County Local Agency Formation Commission (LAFCO) website at <http://oclafco.org/index.php/municipal-service-reviews>.

Dewane: *"The Costa Mesa Sanitary District (CMSD) has \$50 million in a savings account."*

Fact: CMSD has a combined reserve of \$18 million in the wastewater and solid waste funds. This money is designated for capital improvements (\$10 million over the next five years), emergency preparedness, and rate stabilization for solid waste and for paying bills when CMSD has a negative cash flow, which occurs annually due to the timing of the County's collection of property tax payments and subsequent submittal of annual fees to CMSD. To see a full description on how CMSD designates its reserves, visit CMSD website at www.cmsdca.gov. Mesa Water District, by contrast, has nearly **\$40 million** in reserves.

Dewane: *"Wastewater pipes do not need much maintenance."*

Fact: The Costa Mesa Sanitary District has been maintaining a wastewater collection system for nearly 70 years. Over time, CMSD has learned that rigorous routine maintenance is essential to preventing sanitary sewer overflows. President Dewane seems to believe that water systems are more complex and require higher standards of maintenance than wastewater systems. The truth is that both water and wastewater systems are essential services for healthy and prosperous communities - neither system should be neglected. To learn more about CMSD's very successful maintenance program, please click on the following link. <http://www.cmsdca.gov/index.php/departments/sewer-system/case-study-sewer-cleaning>.

- Dewane: *"Serving on the Mesa Water Board is a volunteer type position."*
- Fact: The average annual compensation for each Mesa Water District Board member was **\$38,000** in 2015, which includes healthcare benefits. The average annual compensation for a CMSD Board member was \$19,000 in 2015 and CMSD Board members receive no healthcare benefits. Visit the transparency page on both the Mesa Water District and CMSD web sites.
- Dewane: *"Since 2005 when I (President Dewane) first served on the Mesa Water Board, the conversation of consolidating with the sanitary district would always come up when we crossed paths."*
- Fact: In 2003, the City of Costa Mesa, CMSD and Mesa Water created the Liaison Committee, made up of elected officials and senior staff members from each public agency, to share ideas and information. The Committee has continued to meet quarterly (four times a year) and the meetings are open to the public. In the thirteen years since the Liaison Committee was created Mesa Water District's representatives have never brought up the issue of consolidation for discussion.
- Dewane: *"I find it hard justifying spending \$5 million on a new building that will have 100 seats for Board meetings."*
- Fact: CMSD's new headquarters at 290 Paularino Avenue will cost \$3 million and the Board Room will have 30 seats. The Board Room will also be available for use by non-profit organizations to conduct their business, since meeting space is in such short supply in Costa Mesa. To read the actual costs of CMSD's new headquarters, please visit www.cmsdca.gov.
- Dewane: *"Mesa Water District has an AAA credit rating while CMSD has no credit rating."*
- Fact: Mesa Water District has a credit rating because they have debt - \$27 million of debt, to be exact. CMSD has no debt - you don't need a credit rating when you have no debt.
- Dewane: *"There was no ruling. Mesa Water agreed to change the ballot title language."*
- Fact: Minutes before the judge was going to hear arguments from both sides regarding the potential bias of the original ballot title language, Mesa Water officials approached the attorney for Mike Scheafer to agree to the language change if Scheafer did not request that Mesa Water pay his legal costs. The ballot wording has now been ordered by Judge Banks to read the way it will be shown on the ballot.
- Dewane: *"If there is an earthquake, water and wastewater pipes will be bursting. Because Mesa Water is AAA rated we can go to capital markets to borrow money."*

Fact: Borrowing money takes time, but time is not on your side in an emergency when pipes are bursting. Under President Dewane's plan, residents will be without water for weeks and wastewater will be flowing into waterways and contaminating ground water until Mesa Water can secure borrowed money from the markets. CMSD has money saved that could be spent immediately to repair broken pipes in the event of a catastrophic disaster. See a full description of CMSD's designated reserves by visiting CMSD's website at www.cmsdca.gov.

Dewane: *"Mesa Water pipes are in extraordinary condition."*

Fact: If that's true, then why will Mesa Water be spending more than \$200 million in the next ten years to upgrade its water system? How is Mesa Water going to pay for that – by borrowing still more money? In fact, President Dewane actually contradicted himself on September 8 when he said, *"There is \$1 billion of water pipes in the ground in Costa Mesa that are rotting."* To watch how Mesa Water plans to spend \$200 million in the next ten years, click on the following link.
<https://www.youtube.com/watch?v=Xxrl2vbXYQ>.

Dewane: *"Costa Mesa residents that receive sewer service from Irvine Ranch Water District (IRWD) will receive the \$650 rebate."*

Fact: Completely and totally untrue! Costa Mesa residents receiving sewer service from IRWD are not paying into the CMSD sewer system, so they would not be eligible to receive any rebates, if in fact a rebate was either available or warranted.

Dewane: *"I believe this whole process should be done in open public meetings."*

Fact: Mesa Water District refuses to video tape its Board meetings, so members of the public who cannot attend board meetings will not have an opportunity to hear or see Mesa Water board member comments, public discussion and/or board action. CMSD is one of only two special districts in Orange County that videotapes its Board meetings for the public to view. To view a CMSD Board meeting, click on the following link.
<http://www.cmsdca.gov/index.php/departments/district-clerk/meeting-videos>

Dewane: *"The Sanitary District refused to sit down with Mesa Water to discuss this issue."*

Fact: CMSD agreed to sit down with Mesa Water District officials to discuss this issue further, but we did not want this process to be driven by Mesa Water. We believe it should be a collaborative effort where both sides can agree on the course of action and recommendations. Read the correspondence for yourself at www.cmsdca.org.